

SUBCOMMITTEE NO. 2

Agenda

Alan Lowenthal, Chair
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Thursday, May 22, 2008
Upon adjournment of Session
Room 3191

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Resources—Environmental Protection—Energy

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Vote-Only Calendar

0540 Secretary for Resources

1. San Joaquin River Restoration

Background. In 1988, the Natural Resources Defense Council (NRDC) sued the Bureau of Reclamation and the Friant Water Users Authority (FWUA) over the fish population levels in the river. In August of 2006, NRDC and FWUA entered into a settlement agreement, the goal of which is to “restore and maintain fish populations” in the San Joaquin River below the Friant Dam. The settlement specifies actions that will be taken over the next 20 years to restore the San Joaquin River. The intent is to restore approximately 150 miles of river from the Friant Dam to the confluence with the Merced River.

Under the agreement, the federal government will provide funds to restore the river, while FUWA agreed to actions that will increase flows in the river.

State Role. While the state is not a party to the lawsuit, The Department of Water Resources, the Resources Agency, and the California Environmental Protection Agency have entered into a memorandum of understanding (MOU) with the settling parties regarding the state’s role in the restoration. These departments did not have the authority to enter into an MOU, and such an MOU does not place contractual obligations on the Legislature.

Proposition 84 (Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Act of 2006) provides \$100 million to the Resources Agency for the San Joaquin River restoration. The Resources Agency estimates that costs for restoring the San Joaquin River will range from \$350 to \$800 million over 20 years.

In the *2007-08 Budget Act*, the Legislature provided \$13.8 million in one-time bond funds for studies, baseline monitoring, project planning, management, and other research costs; the establishment of a technical advisory committee; and the establishment, operation, and other costs of the Restoration Administrator.

Governor’s Budget. The Governor’s Budget proposes \$15,906,000 in Proposition 84 bond funds for the San Joaquin River restoration, which would be provided to the Department of Water Resources (60%) and Department of Fish and Game (40%). These funds would be spent primarily on planning, design, and easement acquisition.

In addition, the Governor proposes the following budget bill language:

The funds appropriated in this item for purposes of subdivision (n) of Section 75050 of the Public Resources Code may only be expended upon enactment of federal legislation to implement, and to fund the federal government’s share of, the settlement agreement in N.R.D.C. v. Rodgers.

The funds appropriated in this item for purposes of Section 75050(n) of the Public Resources Code shall be available for encumbrance or expenditure until June 30, 2011, for purposes of support, local assistance, or capital outlay.

LAO 2007 Analysis. The LAO pointed out that the Legislature has never been given an opportunity to evaluate the state's appropriate role in the restoration. The restoration effort is likely to require significant state contributions over the next several decades. The LAO thought that if the administration wishes to move forward with restoration activities, it should sponsor a policy bill to ratify the memorandum of understanding. Such a policy bill would allow the Legislature to fully evaluate the commitment the administration is proposing, as well as allowing the Legislature to determine the overall parameters of state involvement in the restoration. So far the administration has not introduced a bill to ratify the memorandum of understanding.

In addition, the LAO noted that the state is not directly responsible for the condition of the San Joaquin River that led to the lawsuit. Under the "polluter pays" principle, the responsible parties – in this case the federal government and the water users – should bear the primary responsibility for the restoration of the river. Currently, the funding contribution of the responsible parties is subject to significant uncertainty. The settlement agreement, for example, provides that any party to the lawsuit can void the settlement if federal legislation to implement the settlement is not enacted by December 31, 2006. Such legislation has not yet been passed. The LAO advises against the state taking actions that potentially diminish the legal obligations of the responsible parties to restore the damage they have caused.

Previous Subcommittee Action. Approved as budgeted with the Governor's budget bill language.

Staff Recommendation. Staff recommends that the Subcommittee replace the previously approved Governor's budget bill language with the following budget bill language:

Expenditure of the funds appropriated in this item shall continue only so long as the United States Bureau of Reclamation continues to provide federal funds and continues to carry out federal actions to implement the settlement agreement in N.R.D.C. v. Rodgers.

The funds appropriated in this item for purposes of Section 75050(n) of the Public Resources Code shall be available for encumbrance or expenditure until June 30, 2011, for purposes of support, local assistance, or capital outlay.

2. Cigarette and Tobacco Products Surtax Fund

May Revise. The May Revise proposal to reduce the allocated portion of the Cigarette and Tobacco Products Surtax Fund by approximately 3 percent (due to declining revenues) impacts the following Resources Agency departments:

- California Conservation Corps – Decrease of \$10,000
- Department of Forestry and Fire Protection – Decrease of \$14,000
- Department of Fish and Game – Decrease of \$91,000

- Department of Parks and Recreation - \$334,000

Staff Recommendation. Staff recommends that the Subcommittee accept the budget proposal.

3. CALFED Watershed Program Transfer

Background. The CALFED Watershed Program is currently located at the Secretary for Resources, but has been administered by the Department of Conservation since 2000-01. The Subcommittee, on April 14, approved trailer bill language moving the program to the Department of Conservation. This proposal transfers oversight positions for the CALFED Watershed Program from the Secretary for Resources to the Department of Conservation.

Finance Letter. The Governor has submitted a finance letter proposing a reduction of \$249,000 from the California Environmental License Plate Fund and two positions for the CALFED Watershed Program. These positions would be shifted to the Department of Conservation.

Staff Recommendation. Staff recommends that the Subcommittee accept the finance letter.

4. River Parkways

Background. River parkway projects must provide public access or be a component of a larger parkway plan that provides public access. This request would appropriate the balance of previously appropriated Proposition 13 bond funds from projects that either did not come to function or were completed under budget.

Finance Letter. The Governor has submitted a finance letter proposing \$1.1 million from the River Protection Subaccount of Proposition 13 bond funds for River Parkway Grants. In addition, this proposal would reappropriate Proposition 50 River Parkway grant funds originally appropriated in 2004.

Staff Recommendation. Staff recommends that the Subcommittee approve the finance letter.

0555 Secretary for Environmental Protection

5. Cigarette and Tobacco Products Surtax Fund

May Revise. The May Revise proposal to reduce the allocated portion of the Cigarette and Tobacco Products Surtax Fund by approximately 3 percent (due to declining revenues) impacts the following Environmental Protection Agency departments:

- Secretary for Environmental Protection – Decrease of \$2,000

- State Water Resources Control Board – Decrease of \$81,000

Staff Recommendation. Staff recommends that the Subcommittee accept the budget proposal.

3125 California Tahoe Conservancy

6. Maintain Support Budget Baseline

Background. The Tahoe Conservancy has used up most of its program delivery allocations under Proposition 12, 40, and 50. The Conservancy's total support baseline is \$1,266,000, of which Propositions 12, 40, 50, and 84 can cover \$696,000. This leaves the Conservancy with a shortfall of \$558,000. In order to maintain the Conservancy's baseline budget, the Conservancy is requesting additional funds.

Governor's Budget. The Governor's Budget proposes a fund shift of \$558,000 for its support budget. The funds would come from the following sources:

- \$120,000 – Proposition 12
- \$39,000 – Proposition 40
- \$399,000 – Lake Tahoe Conservancy Account

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal.

7. Environmental Improvement Program

Finance Letter. The Governor has submitted a finance letter for \$6,969,000 in federal funds for three projects:

- \$2,783,000 for the Blackwood Creek Watershed Restoration Project
- \$3,614,000 for the Lake Forest Erosion Control Project
- \$572,000 for fuel reduction on the west and north shores of Lake Tahoe

The Blackwood Creek Watershed Restoration Project and the Lake Forest Erosion Control Project require a 25 percent state match. The match would come from previously approved Proposition 84 bond funds.

Extension of Liquidation. The finance letter also includes an extension of liquidation for Proposition 12 bond funds from 2003. The liquidation period would be extended until June 30, 2011. The total amount of unliquidated funds is approximately \$193,000.

Staff Recommendation. Staff recommends that the Subcommittee accept the finance letter with the amendment that liquidation is extended until June 30, 2009, only.

8. Extension of Liquidation for Local Assistance

Finance Letter. The Governor has submitted a finance letter to extend the liquidation period for the following appropriations until June 30, 2010:

Item 3125-101-0005, Ch. 157-03;
Item 3125-101-0286, Ch. 157-03; and
Item 3125-101-6029.

The unliquidated balance from these appropriations is estimated at \$433,000 for June 30, 2008.

Staff Recommendation. Staff recommends that the Subcommittee approve the extension of liquidation.

9. Environmental Improvement Program – May Revise

May Revise. The May Revise proposes two changes to the Environmental Improvement Program funding:

Support Funding: \$281,000 in federal funds to support the program. Specific projects include restoration of the Upper Truckee River and Blackwood Creek Watershed, erosion control in Lake Forest, and fuel reduction activities.

Capital Outlay: \$1,233,000 in federal funds for capital outlay projects related to river and watershed restoration and soil erosion control activities in the Lake Tahoe Basin.

Staff Recommendation. Staff recommends that the Subcommittee approve the May Revise proposals of \$1,514,000 in federal funds.

3480 Department of Conservation

10. Construction Aggregate

Aggregate. Aggregate is sand and gravel used in construction projects, such as the building of roads. One mile of an eight-lane highway can use 200,000 tons of aggregate. Government use accounts for about one-half of the construction aggregate use in California.

Previous Subcommittee Action. On April 7 the Subcommittee accepted a reduction to the Department of Conservation's Geologic Hazards and Mineral Conservation program for \$512,000 and six positions. During the same hearing, the Subcommittee approved a proposal for \$350,000 in special funds and redirected positions to work on mapping construction aggregate.

The mapping is intended to ensure that sufficient amounts of aggregate will remain available for the State's large construction projects, such as the Proposition 1B freeways.

May Revise. With the elimination of the six positions from the Geologic Hazards and Mineral Conservation program, the Department of Conservation is short on staff to redirect. The proposal requests position authority only for mapping construction aggregate. The positions would be paid for with the \$350,000 from the Mine Reclamation Account already approved by the Subcommittee.

Staff Recommendation. Staff recommends that the Subcommittee approve the May Revise proposal.

11. CALFED Watershed Program Transfer

Background. The CALFED Watershed Program is currently located at the Secretary for Resources, but has been administered by the Department of Conservation since 2000-01. The Subcommittee, on April 14, approved trailer bill language moving the program to the Department of Conservation. This proposal transfers oversight positions and funding for the CALFED Watershed Program from the Secretary for Resources to the Department of Conservation.

Finance Letter. The Governor has submitted a finance letter proposing \$1,043,000 (\$249,000 from the Soil Conservation Fund and \$794,000 in one-time Proposition 50 bond funds) and two positions for the CALFED Watershed Program.

Staff Recommendation. Staff recommends that the Subcommittee accept the finance letter.

3540 Department of Forestry and Fire Protection

12. Fire & Life Safety Staff Augmentation

Background. Under Health and Safety Code 13108, the State Fire Marshal (SFM) is responsible for the protection of life and property from fire and panic in all state-owned and state-occupied buildings. Currently there are 28,579 buildings that fall under the jurisdiction of Health and Safety Code 13108. SFM has 89 positions total to cover the responsibilities of building inspections for fire code compliance.

AB 900 (Solorio, 2007) provides \$7.7 billion from bonds and General Fund to the California Department of Corrections and Rehabilitation (CDCR) for rehabilitation activities and capital outlay. The capital outlay portion of AB 900 allows CDCR to add 40,000 new beds to the prison system, as well as 13,000 new beds to local jail facilities.

The Deputy State Fire Marshal classification is a peace officer position, and it takes approximately 8 months for the law enforcement background check to be completed and another two years to train a new recruit. Currently, SFM has 8 Fire and Life Safety applicants in the background investigation process.

Governor's Budget. The Governor's Budget proposes \$1,954,000 from reimbursements for 15 positions to review fire and life safety issues in state buildings, including three new positions for reviewing plans for the construction of new prison space in accordance with AB 900. The reimbursements would come from the state agencies whose buildings are reviewed.

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal.

13. Additional Battalion Chief Staffing

Background. Prior to July 1, 2006, the Battalion Chief (BC) classification earned more with overtime than the management position Unit Chief. Thus there were few BCs willing to promote into the levels of management. As the workforce aged, a number of managers at the Unit Chief level have retired, leaving a number of vacancies. The Department of Personnel Administration and CALFIRE reached an agreement to address the inversion issue within CALFIRE, and the managers began to again earn more than the BCs.

Additionally, on July 1, 2006, the Bargaining Unit 8 contract changed the working hours for the BC classification from 84 to 72 hours per week. However, the incumbent BCs employed prior to July 1, 2006 retained the 84-hour work week.

As promotions and retirements take place, more BC positions are converting to 72-hour work weeks. Thus the department is experiencing a shortage of BC positions.

Governor's Budget. The Governor's Budget proposes \$2,263,000 (\$926,000 on-going) from General Fund for 28 PY for the Battalion Chief Classification.

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal.

14. Statewide Fire Suppression Cost-Recovery Unit

Background. Health and Safety Code Section 13009 states that any person who commits arson or negligently starts a fire is liable for the cost of fighting that fire. CALFIRE routinely investigates the causes of fires. However, to collect enough evidence to stand in court takes a great deal more effort than simply determining that the fire was caused by arson. It can take 3,000 hours of investigation and litigation for each cost-collection case. Currently CALFIRE redirects internal resources to cost-recovery efforts. Between 2001 and 2006 the CALFIRE cost-recovery team collected \$16.8 million from 34 cases, with an average annual collection of \$2.8

million. The proposed cost-recovery unit would develop procedures and policies for cost-recovery investigations.

Cost Recovery. The department estimates that the proposed cost-recovery unit would earn approximately \$12.5 million for the General Fund.

Governor's Budget. The Governor's Budget proposes \$2,475,000 from General Fund for 14 positions to establish a Statewide Fire Suppression Cost-Recovery Unit.

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal with the amendment that the positions be made two-year limited-term. The department should return in two years and demonstrate that the program earned the projected revenues.

15. Federal Fuels Treatment

Background. The 2007 Southern California wildfires led to 10 fatalities, consumed over 516,000 acres, and destroyed 3,069 structures. Due to a prolonged drought, there are increased numbers of dead and dying trees in Southern California.

Finance Letter. The Governor has submitted a finance letter for \$2,268,000 in federal funds for various fuel treatment projects, including the removal of trees and forest restoration.

Staff Recommendation. Staff recommends that the Subcommittee accept the finance letter.

16. State Forest Personnel

Background. The State Forest Program has been in existence since 1946. The primary purpose of the program is to research and demonstrate sustainable forestry. Revenues from the demonstration forests are deposited into the Forest Resources Improvement Fund. Between 1992 and 1998, expenditures from the Forest Resources Improvement Fund averaged about \$15 million annually.

In 2003, the Mendocino County Superior Court ruled that the Environmental Impact Report (EIR) for the Jackson State Demonstration Forest was flawed. Harvesting of timber in the Jackson State Demonstration Forest was halted until a new EIR could be completed. When timber harvesting was halted, revenues fell and the existing employees were laid off. CALFIRE has completed the necessary Environmental Impact Report for the Jackson State Forest, which has been approved by the Board of Forestry.

Finance Letter. The Governor has submitted a finance letter for 15.4 positions to support the Demonstration State Forest Program at Jackson State Forest. The positions would be funded from the Forest Resources Improvement Fund. The department's budget already includes the

funding for these positions because it was known that the Jackson State Demonstration Forest would resume timber harvesting after the court's orders were met.

Staff Recommendation. Staff recommends that the Subcommittee accept the finance letter.

17. Cooperative Forestry Assistance

Background. The Cooperative Forestry Assistance Program provides grants to improve the quality of forest environments on private lands, enhance forest health, improve urban forested environments, and provide for fuel reduction projects in forest areas. By improving forest health, this program improves water quality, habitats, and reduces the threat of wildfires. The 2007 Federal Farm Bill reauthorized the program for five years.

Finance Letter. The Governor has submitted a finance letter for \$6,565,000 in federal funds for the Cooperative Forestry Assistance Program.

Staff Recommendation. Staff recommends that the Subcommittee accept the finance letter.

18. ECC Simulation Lab

Background. CALFIRE to receive a grant from the California Office of Homeland Security for a new Emergency Command Center (ECC) for CAL FIRE's Academy. The CALFIRE Academy teaches ECC training courses with outdated equipment, and this grant will allow CALFIRE to purchase an ECC similar to those currently used in the field. The grant funds will be used to replace ECC electronics and furniture, as well as to enable the CALFIRE Academy's ECC to be used as an emergency resource center.

Finance Letter. The Governor has submitted a finance letter for \$840,000 in Reimbursement authority for the construction of an Emergency Command Center Simulation Lab at the CALFIRE Academy.

Staff Recommendation. Staff recommends that the Subcommittee accept the finance letter.

19. Climate Change

Proposal. The Fire and Resources Assessment Program (FRAP) maintains information on the condition and availability of forest and rangeland resources. The information produced by FRAP has been previously used in carbon sequestration assessment. FRAP would receive two positions to update the vegetation maps to detect changes in forests, woodlands, and open space.

The California Forest Improvement Program (CFIP) activities include preparation of management plans, site preparation, tree planting, and follow-up work. CFIP provides cost-share

grants to private forest landowners of up to 5,000 acres. Approximately 765,000 acres of projects have been funded under this program since 1980.

The State Nursery Program provides seedlings for replanting forests. Historically, the program has functioned out of two facilities which sell over 300,000 seedlings a year. The department calculates that this proposal would provide an additional 400,000 container seedlings a year.

The Environmental Protection Program currently has one position that supports and coordinates other CALFIRE programs in implementing climate change mitigation activities, acts as a liaison to the Air Resources Board on AB 32 implementation, and works with the California Climate Action Registry in developing a new forestry protocol for urban forestry.

Governor's Budget. The Governor's Budget proposes \$4,388,000 from Proposition 84 bond funds and 13 positions for implementation of forest and rangeland activities to mitigate climate changes in urban watersheds by reducing greenhouse gas emissions.

Finance Letter. The Governor submitted a finance letter withdrawing this proposal.

Staff Recommendation. Staff recommends that the Subcommittee accept the finance letter.

20. Proposition 84 Local Assistance – Urban Greening

Background. Proposition 84, Chapter 9, Section 75065 (a), provides \$90 million for urban greening. Of that amount, a minimum of \$20 million is reserved for the Department of Forestry and Fire Protection for urban greening programs. The goals of the Department of Forestry and Fire Protection urban greening program are:

- Increase the amount of urban forests
- Facilitate the creation of jobs in tree maintenance and related urban forest activities
- Reduce energy consumption through maximized tree and vegetative cover
- Encourage the coordination of state and local activities in urban forestry
- Prevent and limit the spread of tree diseases and pests

Governor's Budget. The Governor's Budget proposes \$5,395,000 from Proposition 84 bond funds for the second year of the urban greening program.

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal.

3560 State Lands Commission

21. Land Management Program Budget Balancing Reduction

Governor's Budget Balancing Reduction. The Governor proposes a budget balancing reduction of \$611,000 General Fund and 5.7 positions from the Land Management program.

Impact of Proposal. This proposal would lead to the loss of one auditor to renegotiate leases. Lease auditors bring in approximately \$300,000 in new revenue annually as lease rates on state lands are raised. The other five positions would come from legal and boundary staff, who assist the Attorney General in state land disputes, provide assistance to state agencies that purchase land, and review developments.

The State Lands Commission has stated that by imposing a lease cost on some currently non-rent paying public benefit leases the state could raise approximately \$800,000 in new revenue.

Staff Recommendation. Staff recommends that the Subcommittee reject the proposed reduction.

3600 Department of Fish and Game

22. San Francisco Bay Physical Oceanographic Real Time System (PORTS)

Background. The Physical Oceanographic Real Time System (PORTS) was developed in 1995 by a partnership between the Marine Exchange of the San Francisco Bay Region, the National Oceanic and Atmospheric Administration, and Office of Spill Prevention and Response (OSPR). The PORTS is a 24-hour-a-day program which measures the currents, depth, salinity and wind in the San Francisco and Suisun Bays. Measurements are taken every six minutes and are available by telephone or on-line. The PORTS disseminated important safety information to recreational boaters, ferry boats, merchant shipping, and the whole range of users of the bays. The system has also been used in cases of oil spills to help in containment efforts.

Current Funding. Currently, the PORTS program is funded for \$126,000 through the OSPR local assistance program, but not from funding specifically for PORTS. The PORTS program also receives \$35,000 annually from the Department of Boating and Waterways.

Governor's Budget. The Governor's Budget proposes \$250,000 in local assistance funding from the Oil Spill Prevention and Administration Fund for maintenance of the San Francisco PORTS system.

Finance Letter. The Governor has submitted a finance letter for \$300,000 in additional local assistance funding from the Oil Spill Prevention and Administration Fund to provide funding for seven additional sensors in strategic locations throughout the San Francisco and Suisun Bays. The additional sensors would allow the PORTS program to provide improved data that will allow pilots to make better planning and navigational decisions.

Staff Recommendation. Staff recommends that the Subcommittee approve the Governor's budget and finance letter proposals.

23. Fish and Game Wardens

Previous Subcommittee Action. Due to the significant General Fund structural deficit, the Governor's Budget proposed a ten percent across-the-board reduction to most state departments, including a \$2.6 million reduction to the Department of Fish and Game (DFG) Enforcement Program. This reduction would have resulted in the elimination of 38 warden positions. The Subcommittee rejected the Governor's cut to wardens on April 7.

Finance Letter. The Governor submitted a finance letter proposing \$2,437,000 from the Fish and Game Preservation Fund to restore funding for the warden positions. The Governor's proposal also includes a redirection of \$500,000 from the Hunting, Fishing, and Public Use Program for this purpose.

Staff Recommendation. Staff recommends that the Subcommittee accept the finance letter. The action of accepting the finance letter will replace the Subcommittee's earlier action of rejecting the warden budget balancing reduction.

24. Oil Spill Response Grant Program

Background. The Office of Spill Prevention and Response (OSPR) was established in 1990 to prevent and respond to oil spills affecting marine waters of the State. Currently OSPR provides grants to local governments for updating their oil spill contingency plans and participating in the area contingency plan development process. However, no funds are presently provided for grants to local governments for purchasing and pre-positioning emergency oil spill equipment. This proposal would allow the department to start providing such equipment grants.

Finance Letter. The Governor submitted a finance letter proposing \$104,000 from the Oil Spill Prevention and Administrative Fund for state operations and \$650,000 from the Oil Spill and Prevention Fund for local assistance. The funds would be used for grants to local governments to purchase oil spill response equipment.

Staff Recommendation. Staff recommends that the Subcommittee approve the finance letter.

25. Environmental Review of Transportation Infrastructure Projects

Background. Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Act of 2006, provides \$19.9 billion for high-priority transportation projects. The Department of Fish and Game (DFG) must review the California Environmental Quality Act (CEQA) documents for these transportation projects before they can move forward. To ensure that the CEQA documents are approved in an expedited manner, the Governor is requesting additional reimbursement authority for DFG to receive from the Department of Transportation for review.

Finance Letter. The Governor has submitted a finance letter proposing \$1,347,000 in reimbursement authority and eight positions for the Department of Fish and Game to receive funds from the Department of Transportation for expedited review of transportation project CEQA documents.

Staff Recommendation. Staff recommends that the Subcommittee approve the finance letter.

26. Public Safety Radio Communications System

Background. The Department of General Services (DGS) operates the statewide Public Safety Microwave Network (Network) and charges departments for the service. The Department of Fish and Game (DFG) uses the Network to transmit radio communications connecting remote radio locations throughout the state to its three dispatch centers located in Prairie City, Monterey, and Lake Perris. The use of the Network is important to DFG to safely and effectively administer its law enforcement program and deploy other necessary resources in response to emergencies.

Finance Letter. The Governor submitted a finance letter proposing \$200,000 from the Fish and Game Preservation Fund to pay for a Department of General Services rate increase to maintain the Public Safety Microwave Network.

Staff Recommendation. Staff recommends that the Subcommittee approve the finance letter.

27. Vegetation Mapping Program

Background. Vegetation mapping provides detailed natural resource information to guide decision makers in developing general or regional plans, or to plan specific projects, to minimize the impacts on habitat and species. The Department of Fish and Game has received a \$3.9 million grant from the Wildlife Conservation Board from Proposition 84 bond funds for vegetation mapping activities. When it received the grant, DFG administratively established five positions.

Finance Letter. The Governor submitted a finance letter proposing to make five administratively established positions four-year limited-term positions to perform vegetation mapping activities. The funding for the positions is coming from Proposition 84.

Staff Recommendation. Staff recommends that the Subcommittee approve the finance letter.

28. Technical Budget Corrections

Finance Letter. The Governor submitted a finance letter proposing \$665,000 from the Marine Invasive Species Control Fund. Specifically, the proposal would:

- Make technical intra-schedule transfers to ensure funds are budgeted in the appropriate program categories;
- Fund monitoring activities and studies of invasive species in marine and estuarine waters, consistent with statute;
- Add budget bill language to specify that funds for the Coastal Watershed Salmon Habitat Program are available for expenditure for four years, consistent with existing law.

Staff Recommendation. Staff recommends that the Subcommittee approve the finance letter.

29. CALFED Ecosystem Restoration and Salton Sea Restoration Programs

Background. The 2007 Budget Act provided \$49 million in Proposition 84 bond funds for the CALFED Ecosystem Restoration Program and \$13.3 million in Proposition 84 bond funds for the Salton Sea Restoration Program.

Finance Letter. The Governor submitted a finance letter proposing reappropriation of the Proposition 84 bond funds provided for CALFED Ecosystem Restoration and Salton Sea Restoration Programs in the *2007 Budget Act*. The proposal further includes budget bill language to allow these funds to be available through June 30, 2011.

Staff Recommendation. Staff recommends that the Subcommittee approve the reappropriation as proposed for the Salton Sea Restoration Program. Staff further recommends that the Subcommittee approve the reappropriation of the CALFED Ecosystem Restoration Program until June 30, 2009.

3640 Wildlife Conservation Board

30. Increase in Position Authority

Background. The Wildlife Conservation Board (WCB) acquires, restores, develops, and enhances wildlife habitat and provides compatible public access for enjoyment of the state's wildlife resources. The WCB has 25 staff members to carry out its duties. The staff consists primarily of land agents and field agents, with supervisory and support staff. Since 2000, the voters have approved over \$1.9 billion in new bond funds for the WCB.

The current workload is 75 projects annually for each Senior Land Agent Specialist and 40-50 projects annually for each Public Land Management Specialist position.

Governor's Budget. The Governor's Budget proposes two new positions for the department from existing resources. The cost of these positions would be \$242,473 and the funding sources would be various bond funds and Wildlife Restoration Funds.

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal.

31. Fund Shift to Replace General Fund

Previous Subcommittee Action. On March 24, 2008, Subcommittee 2 reduced the Wildlife Conservation Board's budget by \$204,000 General Fund. The General Fund was less than five percent of the Board's budget, but supported three positions at the Board.

Staff Recommendation. Staff recommends that the Subcommittee authorize \$204,000 from the Wildlife Restoration Fund for the positions that were previously funded with General Fund.

32. Habitat Conservation Fund

Background. Proposition 117, the mountain lion initiative, created the Wildlife Protection Act of 1990 (Act). The Act created the Habitat Conservation Fund (HCF), which requires an annual transfer of \$30 million into the fund. The Act requires that if special funds are not available for transfer, General Fund monies must be used. These transfers will take place until 2020.

The \$30 million in HCF is divided as follows: \$21 million for the Wildlife Conservation Board, \$4.5 million to the Department of Parks and Recreation, \$4 million to the State Coastal Conservancy, and \$0.5 million to the Tahoe Conservancy.

The Wildlife Conservation Board uses the funds for the acquisition, restoration or enhancement of: (1) habitat including native oak woodlands necessary to protect deer and mountain lions; (2) habitat to protect rare, endangered, threatened, or fully protected species; and (3) enhancement,

or restoration of wetlands, aquatic habitat for spawning and rearing of anadromous salmonids and trout resources and riparian habitat.

Proposition 1E provides \$290 million for the enhancement of flood protection corridors, including projects that preserve the wildlife value of the properties.

Governor's January 10 Budget. The Governor's Budget proposes \$21 million in General Fund to be transferred to the Habitat Conservation Fund.

LAO Recommendation. Based on the allowed uses of the Habitat Conservation Fund and the availability of environmental mitigation funds from Proposition 1E, the LAO believes that the Legislature can appropriate funds from Proposition 1E to the Habitat Conservation Fund—satisfying the requirements of Proposition 117. Therefore, The LAO recommends that the Legislature appropriate \$9.9 million from Proposition 1E to the Habitat Conservation Fund in the budget year and about \$21 million per year thereafter. Also, the LAO recommends the Legislature adopt budget bill language directing the Wildlife Conservation Board to spend those funds in a manner that both provides mitigation for Department of Water Resources' flood control projects and meets the criteria of Proposition 117.

May Revise. The May Revise proposes to transfer, for the Wildlife Conservation Board, \$19,630,000 in Proposition 1E bond funds to the Habitat Conservation Fund instead of General Fund. The May Revise further proposes to transfer, for the State Coastal Conservancy, \$1,127,000 in Proposition 1E bond funds to the Habitat Conservation Fund instead of General Fund.

Staff Recommendation. Staff recommends that the Subcommittee approve the May Revise proposal.

3680 Department of Boating and Waterways

33. SANDAG Regional Beach Sand Project – Stage 2

Background. The California Public Beach Restoration Act established the Public Beach Restoration Program (PBRP). The Department of Boating and Waterways was given authority under the Act to administer the PBRP and provide funds to local governments to assist in restoring beaches and coastal habitat. Beach restoration activities can restore and preserve safe coastal access; sustain coastal dependent economic activities such as recreation and tourism; provide safety from unstable coastal cliff falls; and restore habitat and foraging areas for numerous coastal and marine species. The San Diego coastline is in an acute state of sediment deficiency due to damming of rivers for flood control and water supply needs along with the construction of seawalls, which halt the natural flow of sand-size sediment to the coast.

The proposed project would restore eroded beaches in the Oceanside, Mission Beach and Silver Strand littoral cells. The project would be coordinated with the San Diego Association of Governments (SANDAG) and the seven coastal cities impacted. The project would restore 4.8 miles of coastal shoreline and create approximately 148 acres of new beach. This restoration would protect environmentally sensitive coastal habitats of the San Diego coastline as well as encourage coastal tourism and recreation. The total project cost for all three phases would be \$22-24 million, of which the State would provide \$19.5 million over three years.

Governor's Budget. The Governor's Budget proposes \$6.5 million from the Harbors and Watercraft Revolving Fund for restoring San Diego County beaches.

Previous Subcommittee Action. The Subcommittee approved the budget proposal as one-year funding.

Staff Recommendation. Staff recommends that the Subcommittee approve the full schedule of three years of appropriations since the funds are coming from special funds, not bond funds.

3720 California Coastal Commission

34. Permit Review

Background. The Coastal Commission currently has a significant backlog of permits, appeals, local coastal plans, and federal consistency reviews. Consequently, permit applicants are experiencing a multi-year delay in the review of their projects. Some applicants, including private companies and local governments, have offered to provide funding to reimburse the Commission's costs in order to expedite review of their permits.

Finance Letter. The Governor has submitted an April finance letter requesting \$300,000 in Reimbursement authority for the Coastal Commission for permit review. The reimbursement would come from permit applicants whose permits are being reviewed.

Staff Recommendation. Staff recommends that the Subcommittee accept the finance letter.

3760 State Coastal Conservancy

35. Sea Otter Funding

Background. Revenue and Taxation Code Section 18752 (c) placed an option on the individual income tax form for people to donate a dollar of their refund to sea otter programs.

Staff Recommendation. Staff recommends that the Subcommittee appropriate \$225,000 from the California Sea Otter Fund to the State Coastal Conservancy for research and programs related to improving the nearshore ocean ecosystem.

NOTE: A joint proposal for the Wildlife Conservation Board and the State Coastal Conservancy is listed under the Wildlife Conservation Board (3640)

3780 Native American Heritage Commission

36. Budget Balancing Reduction

Governor's Budget Balancing Reduction. The Governor proposes a budget balancing reduction of \$79,000 General Fund to the Commission's budget.

Impact of Reduction. This reduction would lead to the loss of 1.4 positions and would reduce the number of Commission meetings to one annually.

Staff Recommendation. Staff recommends that the Subcommittee reject the budget proposal.

3790 Department of Parks and Recreation

37. Off-Highway Motor Vehicle Recreation Program

Finance Letter. The Governor submitted a finance letter for \$5,751,000 from the Off-Highway Vehicle Fund for operating expenses and equipment at the off-highway vehicle parks. This proposal is complementary to the positions the Subcommittee approved on May 12 to meet staffing needs of off-highway vehicle parks.

Staff Recommendation. Staff recommends that the Subcommittee accept the finance letter.

38. Proposition 12 Grant Project – Extension of Liquidation

Project. This project will connect the Los Angeles River bikeway and the Arroyo Seco bikeway and transform the Confluence Park from an open area to a park with native plants, walking and bicycle paths, benches, and interpretive displays. The project will not be completed by June 30, 2008, because of delays in negotiations with local governments and in the bidding process. This

project has a component with the Department of Parks and Recreation and the Santa Monica Mountains Conservancy.

Finance Letter. The Governor submitted a finance letter to extend the liquidation period for this local assistance grant until June 30, 2009.

Staff Recommendation. Staff recommends that the Subcommittee accept the finance letter.

39. Antes Columbus Club Youth Center Reappropriation Request

Reappropriation. The Antes Columbus Club Youth Center in Los Angeles received a Murray-Hayden grant for \$1,272,000. The project has been delayed and the following reappropriation is requested:

Reappropriation, Department of Parks and Recreation. Notwithstanding any other provision of law, the period to liquidate encumbrances in the following citation is extended to June 30, 2009:

0005—Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000

(1) Item 3790-102-0005, Budget Act of 2000 (Ch. 52, Stats. 2000), (a) 80.25-Recreational Grants, (5) Murray Hayden Grants, (ey) Concerned Citizens of South Central Los Angeles: Acquisition and construction of Antes Columbus Youth Center, soccer field and pocket park, as added by AB 1681, Ch. 672, Stats. 2000, Sec. 12.

Staff Recommendation. Staff recommends that the Subcommittee reappropriate the Antes Columbus Club Youth Center project funds.

40. Urban Parks Reappropriations

Reappropriation. The following Murray-Hayden local assistance grants benefit urban areas:

Reappropriation, Department of Parks and Recreation. Notwithstanding any other provision of law, the period to liquidate encumbrances in the following citation is extended to June 30, 2010:

0005 – Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund

(1) Item 3790-101-0005, Budget Act of 2001 (Ch. 106, Stats. 2001), (1) 80.25 – Recreational Grants, (c) Murray-Hayden Urban Parks and Youth Service Program This reappropriation is limited to a \$700,000 grant to the City of Los Angeles Parks and Recreation for the Seoul International Park.

Reappropriation, Department of Parks and Recreation. Notwithstanding any other provision of law, the period to liquidate encumbrances in the following citation is extended to June 30, 2009:

0005 – Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund (1) Item 3790-102-0005, Budget Act of 2000 (Ch. 52, Stats. 2000), (a) 80.25 – Recreational Grants, (6c) Soccer and baseball fields, (r) City of Los Angeles: Boyle Heights Sports Center for development of sports fields both soccer and baseball, as added by SB 1681, Ch. 672, Stats. 2000, SEC. 12.

(2) Item 3790-102-0005, Budget Act of 2000 (Ch. 52, Stats. 2000), (a) 80-25 – Recreational Grants, (5) Murray-Hayden Grants, (p) City of Los Angeles: Juntos Park: outdoor development at a recently acquired parcel to serve as a new park.

Staff Recommendation. Staff recommends that the Subcommittee reappropriate the local assistance grants listed in this item.

41. Reappropriations and Extensions of Liquidation

Reappropriations. There are some local assistance grants for which the projects were delayed: 3790- Reappropriation, Department of Parks and Recreation. Notwithstanding any other provision of law, the period to liquidate encumbrances in the following citations are extended to June 30, 2009:

0005 - - Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund

- (1) Item 3790-102-0005, Budget Act of 2000 (Ch.52, Stats. 2000), (a) 80.25 – Recreational Grants, (5) Murray-Hayden Grants, (c) City of Richmond: Richmond Natatorium, to enable seismic retrofit of the Natatorium
- (2) Item 3790-102-0005(a)(5)(vx), Budget Act of 2000 (Ch. 52, Stats. 2000), YMCA of San Diego County: Border View Expansion.
- (3) Item 3790-102-0005, Budget Act of 2000, (Ch. 52, Stats. 2000), (a) 80.25 Recreational Grants, (5) Murray-Hayden Grants, (x) City of Anaheim: Maxwell Park Expansion Project from 15 to 21 acres.
- (4) 3790-102-0005, Budget Act of 2000 (Ch. 52, Stats. 2000) (a) 80.25-Recreational Grants (6c) Soccer and baseball fields, (r) City of Los Angeles, Boyle Heights Sports Center for development of sports fields for both soccer and baseball as added by SB 1681, Ch. 672, Stats. 2000, SEC. 12.
- (5) 3790-102-0005, Budget Act of 2000 (Ch. 52, Stats. 2000) (a) 80.25 Recreational grants (5) Murray-Hayden Grants (p) City of Los Angeles, Juntos Park: outdoor development at a recently acquired parcel to serve as a new park.

3790---Reappropriation, Department of Parks and Recreation. Notwithstanding any other provision of law, the period to liquidate encumbrances in the following citation is extended to June 30, 2010:

0005-Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund

- (1) 3790-101-0005, Budget Act of 2001 (Ch. 106, Stats. 2001), (1) 80.25-Recreational Grants, (c) Murray-Hayden Urban Parks and Youth Services Program. This reappropriation is limited to a \$700,000 grant to the City of Los Angeles Parks and Recreation for the Seoul International Park.

Staff Recommendation. Staff recommends that the Subcommittee reappropriate the local assistance grants listed under this item.

3860 Department of Water Resources

42. Cyber Security for Flood Emergency Response and the State Water Project

Proposal. The new position is requested to support the Department of Water Resources' (DWR) Information Security Officer in providing cyber security for departmental cyber assets, flood emergency response, and the State Water Project. Specifically, the new position would be involved with writing grants for Federal Homeland Security funding for disaster preparedness, cyber security, and infrastructure protection to ensure the integrity of DWR's critical business systems, and the State's water supply and flood control systems. This position would also write regular updates to the DWR Operational Recovery Plan, which specifies DWR's response to any incident or disaster that impacts the cyber systems.

Governor's Budget. The Governor's Budget proposes \$142,000 from various funding sources for one new permanent position to support DWR's Information Security Office in providing cyber security for flood emergency response and the State Water Project.

Staff Analysis. As part of the *2007-08 Budget Act*, Senate Budget Subcommittee 2 requested a report on the State Water Project expenditures in lieu of bringing the State Water Project on-budget. Currently, State Water Project expenditures are not reflected in the Budget. The requested report has not yet been received, making it difficult to evaluate the need for the proposed new resources in context of the entire program.

Staff Recommendation. Staff recommends that the Subcommittee reject the budget proposal.

43. Environmental Compliance Restoration and Water Quality Monitoring for the State Water Project

Background. The Department of Water Resources (DWR) Office of Environmental Compliance and Evaluation (EC&E) is tasked to ensure DWR's compliance with applicable environmental laws and regulations in support of the continued operation of the State Water Project. In the past five years increased monitoring for endangered species has led to an increased workload for the EC&E.

Environmental Compliance Restoration. As a part of this request, three new permanent full-time positions are requested for the EC&E to work on environmental and occupational health and safety laws and regulations in support and maintenance of the state water project. These new requirements are related to FERC license implementation, levee maintenance, climate change, water storage, water conveyance, and resource management.

Water Quality Monitoring. Due to the decline of pelagic organisms in the Delta, the State Water Project wants to examine the availability of food for pelagic fish in the Delta. This includes water quality testing for benthic communities, phytoplankton, and zooplankton. Currently, the water quality monitoring is being conducted by eight Scientific Aides, who are limited to 1,500 hours of work a year. DWR wants to eliminate the Scientific Aides positions and replace them with five full-time positions.

Governor's Budget. The Governor's Budget proposes eight new permanent positions to work on occupational health and safety laws, as well as protection of the ecosystem and sensitive species. The funding will be redirected internally from the State Water Project, so no new funds are requested. The cost of the positions is \$845,000 annually.

Staff Analysis. As part of the 2007-08 Budget Act, Senate Budget Subcommittee 2 requested a report on the State Water Project expenditures in lieu of bringing the State Water Project on-budget. Currently, State Water Project expenditures are not reflected in the Budget. The requested report has not yet been received, making it difficult to evaluate the need for the proposed new resources in context of the entire program. In addition, staff is recommending for approval another proposal to examine the pelagic organism decline in the Delta.

Staff Recommendation. Staff recommends that the Subcommittee reject the budget proposal.

44. State Water Project Dam Safety, Seismic Monitoring, and New Facilities Maintenance

Background. The Department of Water Resources (DWR) owns and operates 24 dams. In 2002, the Dam Safety Program was established to manage safety activities for dams operated and maintained by the DWR Division of Operations and Maintenance (O&M). DWR currently has

118 earthquake monitoring sites at the State Water Project (SWP) facilities. DWR is planning to upgrade and expand this seismic network in the near future by replacing field equipment and adding new seismic stations.

Proposal. The Governor's proposal is for:

- SWP Dam Safety – One new position for \$188,000 to manage dam-safety related projects, including review and maintenance of the 24 dams; analysis of dam performance; and maintenance, repair, and procurement of seismic instrumentation of SWP dams and facilities.
- SWP Seismic Monitoring – One new position for \$116,000 to install, calibrate, and maintain sensitive seismic monitoring equipment at SWP-facilities throughout the state.
- Operation and Maintenance of the East Branch of the California Aqueduct – Two new positions at \$249,000 to maintain and repair new SWP facilities on the East Branch Extension of the California Aqueduct.

Governor's Budget. The Governor's Budget proposes \$553,000 from State Water Project Funds to support SWP dam safety, SWP seismic monitoring, and operation and maintenance for the SWP facilities at the East Branch Extension of the California Aqueduct.

Staff Analysis. Ensuring that the State's dams are in sound structural condition and can withstand an earthquake is a critical life and safety issue for the people of California. If California's dams and water delivery infrastructure were to suffer damage during an earthquake, the resulting flooding or disrupted water distribution could be catastrophic.

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal.

45. Pelagic Organism Decline Investigations and Data Synthesis

Background. Pelagic Organism Decline (POD) is the decrease of four pelagic fishes in the Sacramento-San Joaquin Delta. POD has resulted in shutdowns of the State Water Project. Under the State Water Resources Control Board Water Rights Decision D-1641, the California Department of Water Resources is responsible for assessing the impacts of the State Water Project on the Delta ecosystem.

Two positions are proposed to conduct "bottom up" science on POD, meaning an investigation and analysis on the food chain of the pelagic fishes. One new position will conduct extensive investigations and analyses of potential causes of POD by examining changes in the pelagic organism food chain productivity, specifically phytoplankton, zooplankton, and benthic organisms in both a temporal and geospatial approach. The second position will conduct investigations integrating developed fish life cycle models along with temporal and geospatial water quality, hydrology, and hydrodynamics data to determine co-location with stressors in the environment.

Governor's Budget. The Governor's Budget proposes \$334,000 from State Water Project Funds (off-budget) for two permanent positions to conduct investigations and analyses of potential causes of Pelagic Organism Decline.

Staff Analysis. Pelagic organisms in the Delta are collapsing. As fish species are in critical status, and as federal courts threaten to shut down water deliveries to southern California, the state should responsibly explore all of the possible causes of pelagic organism decline. Studying the food chain of the pelagic fishes will allow for a more scientific understanding of the problem, and thus a more reasoned response.

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal.

46. Bryte Chemical Lab Staff and Data Management

Background. The Bryte Chemical Laboratory tests water quality in the Sacramento-San Joaquin Bay Delta. The Bryte Chemical Lab is currently certified by the Department of Health Services to perform mercury analyses for DWR programs and projects involving EPA drinking water and wastewater regulations.

Positions Requested. The Governor's Budget requests a chemist for the projected increase in workload capacity to detect mercury levels at the specified concentration range of nanograms per liter (or parts per trillion). This proposal also requests an environmental scientist position to support and augment the Lab's water quality data management services for DWR.

Governor's Budget. The Governor's Budget proposes two new positions with existing resources to perform current and future analytical work involving low-level mercury analyses and water quality data management. The cost of the two positions is \$133,000 annually from State Water Project Funds.

Staff Analysis. Mercury has been proven to have very serious health effects on humans. Additional testing for mercury in drinking water is advisable.

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal.

47. Salton Sea Interim Restoration and Management

Background. The *Budget Act of 2007-08* included \$7.3 million in reimbursement authority for the Department of Water Resources to receive Salton Sea Restoration Fund allocation from the Department of Fish and Game for various planning and pilot studies for mitigation of impacts at the Salton Sea and development of interim habitat. Due to contract delays, only about \$1.5 million will be expended in the current year, leaving approximately \$5.8 million unexpended.

Finance Letter. The Governor submitted a finance letter to reappropriate approximately \$7.4 million in reimbursement authority for interim restoration and management of the Salton Sea. The reimbursement is coming from Proposition 50 bond funds at the Department of Fish and Game.

Staff Recommendation. Staff recommends that the Subcommittee accept the finance letter.

48. Flood Protection Corridor Program

Background. Proposition 13, passed by voters in 2000, authorized funding for the Flood Protection Corridor Program (FPCP). The FPCP allocates bond funds for direct-expenditure projects and for grants to local agencies and nonprofit organizations for flood protection projects, agricultural land conservation, and wildlife habitat preservation and enhancement. No new project appropriations are available for the FPCP, but the current proposal would provide state operations funding for administration of previously budgeted local assistance funding that is still in the process of being liquidated.

Finance Letter. The Governor submitted a finance letter for \$162,000 from the Flood Protection Corridor Subaccount to administer ongoing grant-funded projects under the Flood Protection Corridor Program. The request includes one position and \$25,000 in contract funds.

Staff Recommendation. Staff recommends that the Subcommittee accept the finance letter.

49. Systemwide Levee Evaluations and Repairs

Background. The levee evaluations inspect levees in the State Plan of Flood Control and non-project levees protecting urban areas that are also protected by State or federal project levees. Levee evaluation is done every 1,000 feet of levee by taking a 100 foot deep sample of the levee materials. The levee evaluation program also focuses on developing uniform standards for collecting and managing existing and new geotechnical data, so that information can be shared by federal, state, and local agencies.

Levee repairs are bringing the levy back to its original standard of design. The original design standard means (a) the approved levee height (3 feet above the design water surface profile); (b) standard approved cross section (levee slopes, crown width); and (c) the ability to safely carry the flood waters at the design water surface profile.

Governor's Budget. The Governor's Budget proposes \$126,500,000 from Proposition 1E bond funds for levee evaluations and repairs in the State Plan of Flood Control. The funds would be:

- \$39 million for levee evaluations
- \$39 million for levee repairs
- \$48.5 million for erosion repairs

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal.

50. Integrated Regional Water Management and Stormwater Flood Management

Background. Proposition 84 and Proposition 1E, passed by voters in November 2006, jointly provided \$1.9 billion for integrated regional water management. The Department of Water Resources is proposing to use these funds for local assistance grants, grant administration, and technical assistance, including data analysis, and program assessment.

Governor's Budget. The Governor's Budget proposes \$350,025,000 from Proposition 84 bond funds and \$102 million from Proposition 1E bond funds for Integrated Regional Water Management and Stormwater Flood Management (IRWM). Specifically, the funds requested are:

Proposition 84 Bond Funds – Integrated Regional Water Management Regional Funds

- IRWM Implementation Grants – \$300 million
- IRWM Planning Grants – \$7.5 million

Proposition 84 Bond Funds – Integrated Regional Water Management Interregional Funds

- IRWM Planning Grants – \$5 million
- IRWM Planning Grants for Disadvantaged Communities – \$2.5 million
- Local Groundwater Assistance Grants – \$4.5 million
- Directed Actions to Projects With Inter-Regional and Statewide Benefits – \$9,525,000
- Directed Actions to Projects Providing for Critical Needs of Disadvantaged Communities – \$2.5 million
- CALFED Scientific Research Grants – \$8 million

Proposition 84 Bond Funds – Integrated Regional Water Management Program Delivery

- \$10.5 million

Proposition 1E Bond Funds – Stormwater Flood Management Grant Program

- Stormwater Flood Management Grants – \$100 million
- Program Delivery – \$2 million

Proposition 50 – Fund Shift from Local Groundwater Assistance to Integrated Regional Water Management

- \$6.4 million from Local Groundwater Assistance to Integrated Regional Water Management

Previous Subcommittee Action. On April 14 the Subcommittee rejected this proposal since these appropriations will be handled through a policy bill.

Staff Recommendation. It has come to the attention of the Subcommittee that only the Proposition 84 and Proposition 1E bond funds will be handled through the policy bill. Thus staff recommends that the Subcommittee approve the Proposition 50 bond fund component of this proposal.

3960 Department of Toxic Substances Control

51. Fiduciary Responsibility: Appropriate Litigation Support for DTSC

Background. Historically, the Department of Justice (DOJ) has provided litigation support to the Department of Toxic Substances Control (DTSC) through a direct appropriation to DOJ. As part of the *2007-08 Budget Act*, the Governor vetoed half of the toxic litigation support funding with a statement that DTSC and local governments were completing much of the work themselves. This request is for an appropriation to DTSC with an interagency agreement with DOJ for the litigation services. DTSC believed that it will be able to better manage the cases that are most important to it if DTSC approves all expenditures.

Governor's Budget. The Governor's Budget proposes \$2,168,000 (\$1,181,000 from the Toxic Substances Control Account and \$987,000 from the Hazardous Waste Control Account) for an interagency agreement with the Department of Justice to provide litigation support for DTSC cost recovery and enforcement activities.

Proposed Trailer Bill Language. The proposed trailer bill changes Health and Safety Code Sections 25173.6 and 25174 to allow DTSC to enter into an interagency agreement with DOJ rather than the funds for toxics litigation being directly appropriated to DOJ.

May Revise. The May Revise proposes an additional \$1 million from the Hazardous Waste Account for an interagency agreement with the Department of Justice to provide litigation support for cost recovery and enforcement cases.

Staff Recommendation. Staff recommends that the Subcommittee approve the budget proposal and the May Revise proposal. Staff further recommends that the Subcommittee approve the proposed trailer bill language.

52. Board of Equalization Fee Collection Agreement

Background. Department of Toxic Substances Control (DTSC) environmental fees are deposited in the Toxic Substances Control Account and hazardous waste fees are deposited in the Hazardous Waste Control Account. Current statute requires the Board of Equalization (BOE) to bill the DTSC separately for these fees. Based on these separated billings, DTSC has determined that the funding split needs to be adjusted to appropriately allocate the fee collection costs.

May Revise. The May Revise proposes to increase the Hazardous Waste Control Account by \$518,000 and decrease the Toxic Substances Control Account by \$518,000.

Staff Recommendation. Staff recommends that the Subcommittee approve the May Revise proposal.

Discussion Items

0540 Secretary for Resources

1. Coastal Impact Assistance Program

Background. The Coastal Impact Assistance Program (CIAP) allocates federal funds to California and five other states for coastal conservation and mitigation projects and activities. The Secretary for Resources will use these funds to: (1) develop and implement a standardized set of wetlands assessment and tracking tools for California wetlands and riparian areas, (2) implement the West Coast Governor's Agreement on Ocean Health, and (3) hold a conference on California and the World Ocean.

Finance Letter. The Governor has submitted a finance letter for \$9,568,000 in federal funds for implementation of the Coastal Impact Assistance Program. This request includes reimbursement authority with the following departments for program implementation:

- Department of Fish and Game—Increase reimbursement authority by \$1,917,000, and amend Item 3600-001-0001 to reflect this change to: (1) provide ecosystem-based monitoring in support of the Marine Life Protection Act and Marine Life Management Act, (2) enhance marine law enforcement, and (3) draft an environmental impact report for the southern Marine Life Protection Act study region.
- San Francisco Bay Conservation and Development Commission—Increase reimbursement authority by \$445,000 and amend Item 3820-001-0001 to reflect this change to: (1) assist local governments in preparing for sea level rise in the San Francisco Bay, and (2) develop a regional sediment management program in the San Francisco Bay region.
- Department of Boating and Waterways—Increase reimbursement authority by \$650,000 and amend Item 3680-101-0516 to reflect this change to develop three regional sediment management plans.
- California Coastal Commission—Increase reimbursement authority by \$537,000 and amend Item 3720-001-0001 to reflect this change to: (1) develop coastal access and resource maps, (2) present workshops for land use planners on impacts of development on coastal water quality, (3) develop an on-line guide on addressing climate change impacts within the context of the Coastal Act, and (4) develop a program to more efficiently and effectively assist energy and ocean-based project applicants before and during the permit application process.
- State Coastal Conservancy (SCC)—Increase reimbursement authority by \$290,000 and amend Item 3760-001-0565 to reflect this change. In addition, increase reimbursement authority by \$2,576,000 and amend Item 3760-301-6051 to reflect this change. The SCC

will use this funding to: (1) control invasive cordgrass, (2) prepare plans to remove the San Clemente Dam, (3) implement a sustainable shoreline erosion management program at Surfer's Point at the mouth of the Ventura River, (4) examine long-term shoreline change in San Francisco Bay related to projected sea-level rise, and (5) develop a website for users of the San Francisco Bay Area Water Trail.

- Ocean Protection Council (OCP)—Increase reimbursement authority by \$2,080,000 and amend Item 3760-301-6076 to reflect this change to: (1) conduct the California seafloor mapping program, (2) support science services for the OPC, (3) perform a public awareness campaign, and (4) conduct the Santa Cruz Debris Program.
- State Lands Commission—Increase reimbursement authority by \$250,000 and amend Item 3560-001-0001 to reflect this change to remove hazardous structures in the Santa Barbara Channel.
- Department of Parks and Recreation (Parks)—Increase reimbursement authority by \$268,000 and amend Item 3790-001-0001 to reflect this change to: (1) treat and manage unpaved roads in coastal watersheds, (2) plan and direct Parks' role in supporting the Marine Life Protection Act, (3) remove invasive veldt grass at Morro Dunes, (4) restore the Glass Beach coastal trail and Perched Dune, and (5) begin restoration of the Espa Lagoon in Humboldt County. In addition, Parks requests the establishment of 1.0 position for these activities.

Staff Recommendation. Staff recommends that the Subcommittee approve the finance letter. Approval here should be interpreted as approval of the funds and the reimbursement authority for each of the recipient departments.

0555 Secretary for Environmental Protection

2. Greenhouse Gas Report Card

Background. Executive Order S-3-05 requires the Secretary for Environmental Protection to report biannually starting in 2006 on the impact of climate change on water supply, public health, agriculture, the coastline, and forestry, and shall prepare and report on mitigation and adaptation plans to combat these impacts.

The Legislature, as part of the *2007-08 Budget Act*, passed trailer bill language establishing an annual Greenhouse Gas Report Card with the purpose of establishing routine, quantified, verified, consistent, and public reporting of measures to reduce greenhouse gases and the effectiveness of those measures. The Greenhouse Gas Report Card includes information on:

- The list of measures that have been adopted and implemented by the state agency to meet greenhouse gases (GHG) emissions reduction targets;
- A status report on the actual GHG emissions reduced as a result of the measures taken;
- A list and timetable for adoption of any additional measures needed to meet GHG emission reduction targets; and
- Comparison of the actions taken and proposed to be taken by the individual state agencies and their projected GHG emission reductions against the state agency GHG emission reduction targets and statewide GHG emission reduction limits.

Staff Recommendation. Staff recommends that the Subcommittee adopt the following trailer bill language:

Added to Section 12892 (a) of the Government Code:

(3) The current year budget and the Governor's proposed January 10 Budget of all climate change response activities by department that includes all new proposals, base budget, and positions.

(4) An inventory of all contracts and agreements that the administration, department, or agency has entered into with another state or country. When possible, the inventory should include the quantified emissions reductions from the agreements that are anticipated and how those emissions reductions will be enforced.

(5) An estimate of the department's own greenhouse gas emissions, as well as an explanation of the increases or decreases over the previous year's emissions.

3340 California Conservation Corps

3. Proposition 84 Bond Funds

Background. The Safe Drinking Water, Water Quality, Flood Control, River and Coastal Protection, and Parks Bond Act of 2006 (Proposition 84), Chapter 5, Section 75050, provides \$45 million to the California Conservation Corps. Of this amount, \$32.5 million must go to the local conservation corps.

Governor's Budget. The Governor's Budget proposes \$33.3 million in Proposition 84 bond funds for 2008-09 and \$4 million in Proposition 84 bond funds for 2009-10. The 2008-09 funding would be divided with \$3 million for state operations and \$30.3 million for local assistance. The 2009-10 funding would be entirely for state operations. No new positions are being requested.

Staff Analysis. The California Conservation Corps provide staff with a list of local conservation corps projects and acquisitions that are ready for implementation in 2008-09. This list of projects and acquisitions costs total under \$23 million. It would be premature to provide all of the available Proposition 84 bond funds to the local conservation corps before there were projects that those funds could be used toward responsibly.

Staff Recommendation. Staff recommends that the Subcommittee approve \$26 million total with \$3 million for state operations and \$23 million for local corps. The funding would be one-time.

3940 State Water Resources Control Board

4. Continuing Program Implementation for Propositions 204, 13, 40, and 50

Background. The State Water Resources Control Board has small amounts of funding left from several older bonds that it is requesting for reappropriation or appropriation of already reverted funds. The funds are for water quality projects, including water recycling, agricultural water quality, clean beaches, watershed protection, and nonpoint source pollution control.

Governor's Budget. The Governor's Budget proposes the following reversions, reappropriations, and appropriations:

- Proposition 204 – reversion of \$538,000
- Proposition 13 – reappropriation of \$13,983,400 of which \$1,740,000 is for CALFED
- Proposition 13 – new appropriation of \$7,477,200 for local assistance
- Proposition 13 – new appropriation of \$1,661,000 for state operations
- Proposition 40 – reappropriation of \$3,352,900 for local assistance
- Proposition 40 – reappropriation of \$170,000 for state operations
- Proposition 50 – reappropriation of \$1,936,200 for local assistance
- Proposition 50 – reappropriation of \$282,300 for CALFED
- Proposition 50 – new appropriation of \$1,995,000 for CALFED

Staff Recommendation. Staff recommends that the Subcommittee approve the reappropriations and reversion, but reject all new proposals.

5. Regional Board Line Items

Background. Currently, the nine Regional Water Quality Control Boards' budgets are presented as one line item in the budget. This allows the State Board to move funds between the various Regional Boards as need arises, but does not provide transparency for the Legislature as to how much money each Regional Board is receiving.

Staff Recommendation. Staff recommends that the Subcommittee request that each Regional Water Board be provided its own line item in the budget for transparency. Funds could still be moved between the Boards with a 30-day notification letter to the Joint Legislative Budget Committee.

6. Agricultural Water Runoff Supplemental Report Language

Background. Agricultural nonpoint source (NPS) pollution is the leading source of water quality impacts on surveyed rivers and lakes, the second largest source of impairments to wetlands, and a major contributor to contamination of surveyed estuaries and ground water.

Agricultural activities that cause NPS pollution include poorly located or managed animal feeding operations; overgrazing; plowing too often or at the wrong time; and improper, excessive, or poorly timed application of pesticides, irrigation water, and fertilizer. Pollutants that result from farming and ranching include sediment, nutrients, pathogens, pesticides, metals, and salts.

Impacts from agricultural activities on surface water and ground water can be minimized by using management practices that are adapted to local conditions. The State Water Resources Control Board is currently researching how to best adapt such management practices for California.

Staff Recommendation. Staff recommends that the Subcommittee adopt the following supplemental report language:

On or before January 30, 2009, the State Water Resources Control Board shall submit a report to the Joint Legislative Budget Committee and to the relevant policy committees that details: 1) the precise actions the SWRCB would have to undertake to obtain a 30 percent reduction to agricultural pollution runoff into the Sacramento-San Joaquin Delta and its tributary watersheds by 2012; 2) the estimated costs of those actions and mechanisms for funding those actions; and 3) which of those actions can be completed administratively and which would require legislation to implement.

3960 Department of Toxic Substances Control

7. Green Chemistry and Pollution Prevention

Background. Green chemistry is the process of reducing or eliminating the use of hazardous materials altogether. The Green Chemistry Initiative is a collaborative approach for identifying options to significantly reduce the impacts of toxic chemicals on public health and the environment. The Green Chemistry Initiative strives to provide recommendations for: developing a consistent means for evaluating risk; reducing exposure; encouraging less-toxic industrial processes; and identifying safer, non-chemical alternatives. Green chemistry is a fundamentally new approach to environmental protection, transitioning away from managing toxic chemicals at the end of the lifecycle to reducing or eliminating their use altogether.

Proposal. The positions requested in this proposal would:

- Continue outreach and education of projects completed;
- Develop at least four additional pilot projects every two years (for six total);
- Expand technical assistance, outreach, and education using materials developed during pilot projects to small business assistance programs, industry associations, and local implementing agencies; and
- Measure the effectiveness of implementing pollution prevention technologies to evaluate whether future programs to provide funding are feasible.

Governor's Budget. The Governor's Budget proposes \$772,000 from the Toxic Substances Control Account and 6 positions for focusing on product design and industrial innovation that reduces the use of harmful chemicals in products.

Staff Analysis. The Green Chemistry program began by working with manufacturers at the factory level to examine how to keep toxic materials out of the product line. However, the conceptual direction of the Green Chemistry program is best served when the toxicity of the product materials is considered at the design phase. Without knowledge as to which chemicals pose the greatest risk, and what is the toxicity level of various chemicals, the department cannot recommend alternatives to the product designers. Thus the Department of Toxic Substances Control (DTSC) should create a matrix to identify the hazard traits posed by chemicals generally in order to avoid threats of potential substitute or alternative ingredients.

Staff Proposed Trailer Bill Language. Staff recommends that the Subcommittee adopt the following trailer bill language:

Section 1. The department shall develop a framework for the management and regulation of toxic chemical substances in products to help ensure compliance with the Department's statutes. The framework shall include the following: identification and development of test methods and protocols to identify toxic chemical substances in products; assistance to product manufacturers to detect potentially toxic substances and identify safe alternatives; assistance to product manufacturers for product reformulation, production process changes, supply chain management and related source reduction measures; assistance to product retailers and users to identify and avoid the purchase of toxic products.

Section 2. The department shall contract for the development of framework and infrastructure recommendations for a web-based data system through which information could be arrayed in the form of a matrix to identify the hazard traits posed by chemicals in commerce. The web-based data system should provide for a source of data that includes current and prospective regulatory actions on chemicals on a global basis; a method for identifying those chemicals that may pose lesser or no threats to the environment and public health based scientific assessments. The framework and infrastructure recommendations should lead to the development of a data system that is decentralized, web-accessible and understandable to the general public and designed in such a way as to be continuously updated. Framework and infrastructure recommendations should be available by January 1, 2010, and allow for the development of the data system for public access no later than January 1, 2011.

Staff Recommendation. Staff recommends that the Subcommittee approve the staff proposed trailer bill language and approve \$772,000 and three positions from the Toxic Substances Control Account for the following actions:

1. Provide \$400,000 for two years with a two year encumbrance period for the creation of the chemicals matrix.
2. Approve three positions to work on regulation of toxic substances in products.